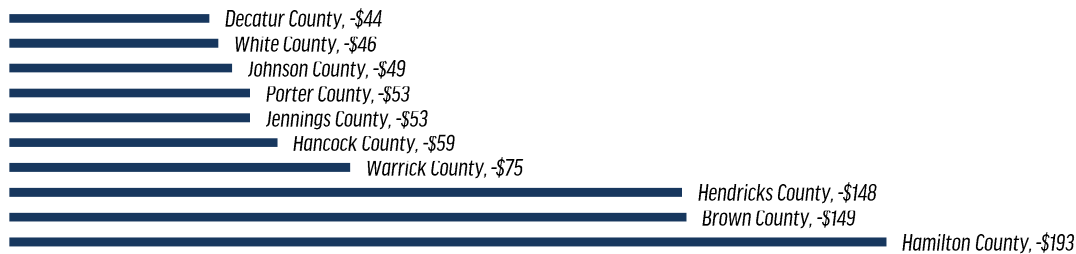


# IS FAIR MARKET RENT FAIR EVERYWHERE?

The U.S. Department of Housing and Urban Development (HUD) publishes [Fair Market Rents](#) (FMRs) each year, which govern the value of Section 8 Housing Choice Vouchers in communities across the country. With limited [exceptions](#), HUD sets these rent limits at 40% of an adjusted estimate of an area's median rental housing cost. However, in some communities, other pressures may make it difficult for voucher-holders to procure rental housing at 40% of median rental housing cost. A gap analysis of county-level 2014 FMRs and 2010-2014 Median Gross Rents (MGR) estimates revealed that **there are areas in Indiana in which FMRs are considerably lower than MGRs**, and areas where they are considerably higher.<sup>1</sup> In Indiana's most affluent county, Hamilton County, the FMR standard is \$193 lower than the MGR (Figure 1). At the other end of the spectrum, FMR is \$91 greater than MGR in Wells County.

**Figure 1: County-level Disparities between Fair Market Rent and Median Gross Rent**



Sources: American Community Survey 2010-2014 5-year estimates; [HUD 2014 FMRs](#)

While **FMR was less than 40% of MGR for all Indiana counties** (Table 1), it cannot be assumed that households will sort themselves by housing cost based on income, leaving the less expensive housing for lower-income households. Additionally, other pressures may affect the ability of a household to procure housing in a given county. 70% of the counties with the greatest FMR shortfalls had median household incomes in the top 25% of the State. Finding properties to buy or rent can be a challenge in counties with **high housing occupancy rates**, such as Hamilton and Hendricks Counties, in which 95% of housing units are occupied. Similarly, these counties also tend to have **fewer housing units per capita** than counties with lower occupancy rates. Finally, counties with higher homeownership rates will have **fewer rental properties** available – for instance, Warrick County has an 83% homeownership rate, compared to a 69% rate in Indiana and a 64% rate nationwide, leaving only 17% of all housing units available as rental housing.

**Table 1: Potential Housing Barriers Facing Renters**

County Name	County Fair Market Rent	Median Gross Rent	State Quartile	Gap between FMR and MGR	40% MGR	Occupancy Rate	State Quartile	Housing Units per Capita	State Quartile	Homeownership Rate	State Quartile	Median Household Income	State Quartile
Hamilton County	\$792	\$985	4	-\$193	\$788	95%	4	0.38	4	79%	4	\$84,635	4
Brown County	\$792	\$941	4	-\$149	\$753	70%	1	0.56	1	81%	4	\$53,107	4
Hendricks County	\$792	\$940	4	-\$148	\$752	95%	4	0.38	4	81%	4	\$68,342	4
Warrick County	\$721	\$796	4	-\$75	\$637	92%	4	0.41	4	83%	4	\$62,747	4
Hancock County	\$792	\$851	4	-\$59	\$681	92%	4	0.40	4	79%	3	\$65,517	4
Porter County	\$805	\$858	4	-\$53	\$686	93%	4	0.40	4	77%	3	\$62,818	4
Jennings County	\$667	\$720	4	-\$53	\$576	88%	2	0.43	3	76%	2	\$44,758	2
Johnson County	\$792	\$841	4	-\$49	\$643	92%	4	0.40	4	72%	2	\$60,644	4
White County	\$643	\$689	3	-\$46	\$551	73%	1	0.53	1	77%	3	\$51,250	3
Decatur County	\$706	\$750	4	-\$44	\$600	87%	2	0.43	3	71%	1	\$49,631	3
Indiana	-	\$741	-	-	\$593	89%	-	0.43	-	69%	-	\$48,737	-

Sources: American Community Survey 2010-2014 5-year estimates; [HUD 2014 FMRs](#)

<sup>1</sup> Because FMR includes utility allowances, and MGR includes an estimate of utility and related costs, they are considered to be comparable for this analysis.

<sup>2</sup> Only counties with MGR margins of error of  $\pm 5\%$  are included in this discussion. 42% of MGR estimates met this criteria. Of the remaining counties, 4% of the 92 counties had margins of error greater than  $\pm 10\%$ .

Unless otherwise specified, all data cited in this document are derived from 2014 5-year American Community Survey estimates obtained from: Minnesota Population Center. *National Historical Geographic Information System: Version 2.0*. Minneapolis, MN: University of Minnesota 2011. Retrieved from <http://www.nhgis.org>.